

Message Text

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ORIGIN EA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 /030 R

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

UNCLAS STATE 063274

E.O. 11652:NA

TAGS: ECON, EINV, ELAB, ID

SUBJECT: CONTINUED PROBLEMS IN ELECTRONICS PRODUCTION

REF: JAKARTA 3040.

1. NO CURRENT AND COMPREHENSIVE REPORT IS KNOWN TO EXIST ON STATE OF ELECTRONIC COMPONENT INDUSTRY IN U.S. AND/OR WORLDWIDE OR ON STATE OF "DOWNSTREAM" INDUSTRIES WHICH CONSUME ELECTRONIC COMPONENTS. DEVELOPMENTS ARE SO FAST MOVING AT PRESENT THAT THEY ALMOST DEFY ACCURATE, FULL REPORTAGE. NEVERTHELESS, WE ARE POUCHING SEVERAL ARTICLES FROM RECENT TRADE PUBLICATIONS.

2. AT MOMENT, TREND IN PRODUCTION OF LIGHT-EMITTING DIODES (LEDs) IS TOWARD LARGER SIZES USED IN INSTRUMENTS. THUS, IF MONSANTO PAN ELECTRONICS HAS BEEN ASSEMBLING SMALLER SIZED LEDs, USED PRIMARILY IN CALCULATORS, IT DEFINITELY IS FACING A ROUGH MARKET SITUATION. CALCULATOR MANUFACTURERS, WHICH ARE BY FAR MAIN CONSUMERS OF LEDs, ARE IN PERIOD OF SHAKE-OUT; PRICE WARS NOW CHARACTERIZE COMPETITION; INVENTORIES ARE BEING DRAWN DOWN; CALCULATOR MAKERS

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ARE PRESSING COMPONENT MAKERS FOR LOWEST POSSIBLE PRICES,

AND LATTER PROBABLY FEEL CONSTRAINED TO COMPLY JUST TO KEEP
THEIR SHARE OF LED AND CHIP MARKETS.

3. FYI: PROBLEM WITH THIS PRESENTATION IS THAT IT MIGHT
BEG QUESTION WHY PRESUMABLY LOW-LABOR COST INDONESIAN LEDS
DO NOT ENJOY A PRICE EDGE. END FYI. INGERSOLL

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